



GENERAL ASSEMBLY
AND SUPPORTING FUNCTIONS

COMMITTEE ON LEGISLATIVE RESEARCH
AND INTERIM COMMITTEES

THREE YEARS ENDED JUNE 30, 1999

**From The Office Of State Auditor
Claire McCaskill**

Report No. 2000-80
August 28, 2000
www.auditor.state.mo.us

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2000

www.auditor.state.mo.us

The following findings were noted as a result of an audit conducted by our office of the General Assembly and Supporting Functions – Committee on Legislative Research and Interim Committees.

In response to concerns reported in the prior audit, in March 1994, the Committee on Legislative Research established a uniform personnel policy which, among other things, addressed the leave accruals of employees of both the Research and Oversight Divisions. However, that policy provides sick leave benefits which are more generous than those provided to other state employees. Currently, employees of both the Research and Oversight Divisions earn sick leave at a rate of 14 hours per month, rather than the 10 hours earned by most state employees. As a result of this situation, the committee is certifying accrued sick leave balances to the state retirement system to be counted as creditable service which are in excess of those allowed by law.

State law requires that for the purpose of calculating creditable service, the rate of accrual of sick leave for legislative employees must be the same as that promulgated by the personnel advisory board. Therefore, the 10 hour per month sick leave accrual which applies to other state employees must be used when certifying service of committee employees to the retirement system.

The uniform personnel policy adopted in March 1994, established a standard 35 hour work week (7 hours per day) for its employees. In contrast, employees of most other state agencies are required to work 40 hours per week.

Although an Attorney General's opinion concluded legislative employees are exempt from state requirements regarding hours of work and other personnel matters, it appears unreasonable for employees of this agency to be required to work fewer hours per week than is required of most other state as well as private employees.

During fiscal year 1997, the Committee on Legislative Research approved the purchase of computer equipment for the House of Representatives and the Senate from Statutory Revision Fund appropriations. The related expenditures totaled over \$54,000. The Director of the Research Division indicated that over \$36,000 of these expenditures were intended to offset personal service expenses incurred by the House of Representatives and the Senate for use of their EDP staff in assisting the committee in its computer operations; however, there was no documentation maintained to support the personal service expenses incurred by the legislature on behalf of the committee. In addition, there was no similar explanation for the remaining expenditures (approximately \$18,000) and the benefits to the committee or its operating divisions from these expenditures.

(over)

YELLOW SHEET

The Committee of Legislative Research has distributed significantly more free copies of the revised statutes and annual supplements to the various state agencies, officials and other government offices than the minimum required by law. In addition, the committee has not maintained documentation to support its pricing decisions regarding the statutes and supplements.

To keep costs to a minimum, the committee should review the number of free copies of the statutes and supplements it distributes and consider requesting the various agencies/officials reevaluate their use of the statutes and the number of copies requested. This is particularly true now that statutory information is available on the internet.

Fixed asset records of both the Research and Oversight Divisions are not maintained in a manner that allows balances to be reconciled from period to period. Fixed asset additions are not reconciled to equipment purchases, and the records do not consistently include all information required by state regulations.

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH AND
INTERIM COMMITTEES

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GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH AND
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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Members of the General Assembly
Jefferson City, Missouri 65102

We have audited the accompanying special-purpose financial statements of the various funds of the Committee on Legislative Research and Interim Committees as of and for the years ended June 30, 1999, 1998, and 1997, as identified in the table of contents. These special-purpose financial statements are the responsibility of the committee's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

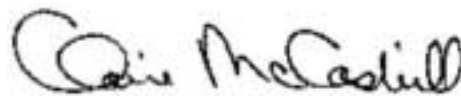
The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash and investments of the Statutory Revision Fund; and the appropriations and expenditures of the various funds of the Committee on Legislative Research and Interim Committees and are not intended to be a complete presentation of the financial position and results of operations of the various funds of the committee.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the Statutory Revision Fund; and the appropriations and expenditures of the various funds of the Committee on Legislative Research and Interim Committees as of and for the years ended June 30, 1999, 1998, and 1997, in conformity with the comprehensive bases of accounting discussed in Note 1, which are bases of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated December 23, 1999, on our consideration of the committee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the special-purpose financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the committee's management and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

December 23, 1999 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	Robert McArthur
Audit Staff:	Tara Shah, CPA
	Patrick Corbett



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Members of the General Assembly
Jefferson City, Missouri 65102

We have audited the special-purpose financial statements of the Committee on Legislative Research and Interim Committees as of and for the years ended June 30, 1999, 1998, and 1997, and have issued our report thereon dated December 23, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of the Committee on Legislative Research and Interim Committees are free of material misstatement, we performed tests of the committee's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no material instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain other instances of noncompliance which are presented in the accompanying Management Advisory Report.

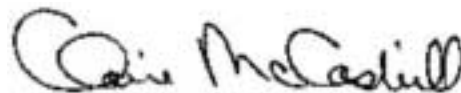
Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of the Committee on Legislative Research and Interim Committees, we considered the committee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the committee's ability to record, process, summarize, and report

financial data consistent with the assertions of management in the special-purpose financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses, and these matters are presented in the accompanying Management Advisory Report.

This report is intended for the information of the management of the Committee on Legislative Research and Interim Committees and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

December 23, 1999 (fieldwork completion date)

Financial Statements

Exhibit A

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
 COMMITTEE ON LEGISLATIVE RESEARCH AND INTERIM COMMITTEES
 STATUTORY REVISION FUND
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH AND INVESTMENTS

	Year Ended June 30,		
	1999	1998	1997
RECEIPTS			
Sales	\$ 178,802	172,083	162,149
Total Receipts	<u>178,802</u>	<u>172,083</u>	<u>162,149</u>
DISBURSEMENTS			
Expense and equipment	191,139	281,301	197,161
Transfers to General Revenue Fund-State (Note 4)	41,858	41,591	9,905
Total Disbursements	<u>232,997</u>	<u>322,892</u>	<u>207,066</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(54,195)	(150,809)	(44,917)
CASH AND INVESTMENTS, JULY 1	<u>259,623</u>	<u>410,432</u>	<u>455,349</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 205,428</u>	<u>259,623</u>	<u>410,432</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
 COMMITTEE ON LEGISLATIVE RESEARCH AND INTERIM COMMITTEES
 COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

Year Ended June 30,									
1999			1998			1997			
Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances	
GENERAL REVENUE FUND - STATE									
Operating expenses:									
Research Division	\$ 1,205,309	1,097,781	107,528	1,112,189	1,036,236	75,953	1,018,448	981,274	37,174
Oversight Division	838,249	727,074	111,175	802,579	723,914	78,665	768,608	650,437	118,171
Publishing expenses of									
cumulative supplements	417,357	226,023	191,334	373,566	165,733	207,833	370,844	154,831	216,013
Joint Committee on Correctional									
Institutions and Problems	10,000	0	10,000	10,000	5,890	4,110	10,000	1,700	8,300
Commission on Local Governments	2,500	0	2,500	2,500	0	2,500	2,500	0	2,500
Total General Revenue Fund - State	<u>2,473,415</u>	<u>2,050,878</u>	<u>422,537</u>	<u>2,300,834</u>	<u>1,931,773</u>	<u>369,061</u>	<u>2,170,400</u>	<u>1,788,242</u>	<u>382,158</u>
STATUTORY REVISION FUND									
Publishing expenses of									
cumulative supplements	674,775	185,266	489,509	671,100	220,953	450,147	667,600	262,720	404,880
Total All Funds	<u>\$ 3,148,190</u>	<u>2,236,144</u>	<u>912,046</u>	<u>2,971,934</u>	<u>2,152,726</u>	<u>819,208</u>	<u>2,838,000</u>	<u>2,050,962</u>	<u>787,038</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule 1

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS

COMMITTEE ON LEGISLATIVE RESEARCH AND INTERIM COMMITTEES

COMPARATIVE STATEMENT OF EXPENDITURES BY DIVISION (FROM APPROPRIATIONS)

	Year Ended June 30,				
	1999	1998	1997	1996	1995
RESEARCH DIVISION EXPENDITURES					
Personal service	\$ 1,129,715	1,078,890	941,542	847,545	817,391
Expense and equipment:					
Travel and vehicle expense	10,413	20,105	15,245	14,515	18,491
Office expense	212,810	145,085	160,139	104,632	528,545
Office and communication equipment purchases	1,994	31,308	46,628	418,665	34,194
Communication expense	19,528	26,658	16,519	15,092	14,930
Institution and physical plant expense and equipment	6,668	10,109	6,885	14,372	13,918
Data processing expense and equipment	117,973	105,904	194,471	182,373	166,538
Professional services	0	261	5,921	7,575	21,550
Other expense	9,969	10,492	13,175	11,367	15,514
Total Research Division	<u>1,509,070</u>	<u>1,428,812</u>	<u>1,400,525</u>	<u>1,616,136</u>	<u>1,631,071</u>
OVERSIGHT DIVISION EXPENDITURES					
Personal service	670,174	643,487	587,936	553,794	523,390
Expense and equipment:					
Travel and vehicle expense	9,521	12,939	6,648	7,091	4,034
Office expense	23,613	22,498	20,372	17,489	21,821
Office and communication equipment purchases	1,206	878	2,265	2,149	1,509
Communication expense	7,129	12,865	15,396	11,621	9,717
Institution and physical plant expense and equipment	5,376	5,396	4,800	3,752	9,468
Data processing expense and equipment	894	5,162	3,046	9,585	1,807
Professional services	20	6,529	0	0	0
Other expense	9,141	14,160	9,974	11,540	8,878
Total Oversight Division	<u>727,074</u>	<u>723,914</u>	<u>650,437</u>	<u>617,021</u>	<u>580,624</u>
TOTAL EXPENDITURES	<u>\$ 2,236,144</u>	<u>2,152,726</u>	<u>2,050,962</u>	<u>2,233,157</u>	<u>2,211,695</u>

The accompanying Note to the Supplementary Data is an integral part of this statement.

Schedule 2

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH AND INTERIM COMMITTEES
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS

	Balance July 1, 1996	Additions	Dispositions	Balance June 30, 1997	Additions	Dispositions	Balance June 30, 1998	Additions	Dispositions	Balance June 30, 1999
GENERAL FIXED ASSETS										
Office equipment and furniture:										
Research Division	\$ 311,520	206,729	(87,962)	430,287	91,362	(52,965)	468,684	94,787	(108,947)	454,524
Oversight Division	<u>145,783</u>	<u>33,235</u>	<u>(2,100)</u>	<u>176,918</u>	<u>23,251</u>	<u>(14,575)</u>	<u>185,594</u>	<u>29,183</u>	<u>(37,102)</u>	<u>177,675</u>
Total General Fixed Assets	<u>\$ 457,303</u>	<u>239,964</u>	<u>(90,062)</u>	<u>607,205</u>	<u>114,613</u>	<u>(67,540)</u>	<u>654,278</u>	<u>123,970</u>	<u>(146,049)</u>	<u>632,199</u>

The accompanying Note to the Supplementary Data is an integral part of this statement.

Notes to the Financial Statements
and Supplementary Data

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH AND INTERIM COMMITTEES
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present only selected data for each fund of the Committee on Legislative Research and Interim Committees.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the Statutory Revision Fund. Appropriations from this fund are expended by or for the committee for restricted purposes.

Appropriations, presented in Exhibit B, are not separate accounting entities. They do not record the assets, liabilities, and equities of the related funds but are used only to account for and control the committee's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the committee and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statement of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, presents amounts when they are received or disbursed.

The Statement of Appropriations and Expenditures, Exhibit B, is presented on the state's legal budgetary basis of accounting which recognizes expenditures on the encumbrance method. Expenditures include amounts payable or encumbered at June 30 and paid during the lapse period, which ends August 31 for regular appropriations and December 31 for capital improvement appropriations. The authority to expend appropriations ends with the close of the lapse period. However, the General Assembly may authorize reappropriation of the unexpended balances of capital improvement appropriations for the following year. The General Assembly also may authorize biennial capital improvement appropriations, for which the unexpended balances at June 30 of the first year of the two-year period are reappropriated for expenditure during the second year.

The cash basis of accounting and the budgetary basis of accounting differ from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The committee administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

Statutory Revision Fund: This fund was established by Section 3.142, RSMo 1994, to receive funds paid for sales of the revised statutes or any supplements thereto, and funds received for any other service for which a fee is charged by the Committee on Legislative Research. Expenditures are authorized by appropriation of the General Assembly for enhancing or producing the revised statutes in a computer readable form, enhancing computerized legislative drafting, and such other purposes authorized by the Committee on Legislative Research. Any unexpended balance at the end of the biennium exceeding twice the cost of providing the annual supplement to the revised statutes shall be transferred to the General Revenue Fund-State.

General Revenue Fund-State: The committee receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the committee, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, deferred compensation, and cafeteria plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. Also, the deferred compensation plan involves employee payroll deferrals and a monthly state matching contribution for each participating employee.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation plan match.

Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statement at Exhibit B.

2. Cash

The balance of the Statutory Revision Fund is pooled with other state funds and invested by the state treasurer.

3. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures of the Statutory Revision Fund on Exhibit B as follows:

		Year Ended June 30,		
		1999	1998	1997
DISBURSEMENTS PER EXHIBIT A	\$	232,997	322,892	207,066
Lapsed period expenditures:				
1999		1,169	-0-	-0-
1998		(2,829)	2,829	-0-
1997		-0-	(67,390)	67,390
1996		-0-	-0-	(1,831)
Accounts payable, June 30, 1998		(4,213)	4,213	-0-
Transfers		<u>(41,858)</u>	<u>(41,591)</u>	<u>(9905)</u>
EXPENDITURES PER EXHIBIT B	\$	<u>185,266</u>	<u>220,953</u>	<u>262,720</u>

4. Transfers to General Revenue Fund-State

The transfer amounts for the years ended June 30, 1999 and 1998, represent the Statutory Revision Fund's proportional share of fiscal year 1997, 1996, and 1995 refunds required by Article X, Section 18 of the Missouri Constitution and personal service benefit transfers. The transfer amount for the year ended June 30, 1997, represents personal service benefit transfers.

Note to the Supplementary Data:

5. General Fixed Assets

General fixed assets, which are recorded as expenditures when acquired, are capitalized at cost in the General Fixed Assets Account Group and are not depreciated.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Current Recommendations

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH AND INTERIM COMMITTEES
SUMMARY OF FINDINGS

1. Distribution and Sale of Statutes (pages 20-22)

The Committee on Legislative Research has distributed significantly more free copies of the revised statutes and annual supplements to the various state agencies, court officials and other government offices than the minimum required by law. In addition, the committee has not maintained documentation to support its pricing decisions regarding the statutes and supplements.

2. Statutory Revision Fund Expenditures (page 22-24)

The Committee on Legislative Research approved the purchase of computer equipment for the legislature from Statutory Revision Fund appropriations. It was not clear whether these purchases related to the operations and activities of the committee.

3. Inventory Records and Procedures (pages 24-25)

Some inventory items were not recorded on the Research Division's inventory listing, and the Research Division does not perform periodic reconciliations of the perpetual inventory records. In addition, duties related to inventory maintenance and the sale of statutes are not properly segregated.

4. Fixed Asset Records and Procedures (pages 25-27)

Fixed asset records of both the Research and Oversight Divisions are not maintained in a manner that allows balances to be reconciled from period to period. Fixed asset additions are not reconciled to equipment purchases, and the records do not consistently include all information required by state regulations.

5. Personnel Policies and Procedures (pages 27-28)

The committee's leave accrual policy provides sick leave benefits to its employees which are more generous than those provided other state employees, resulting in accrued sick leave being certified to the state retirement system in excess of that allowed by law. The committee's employees work a 35 hour work week, instead of the standard 40 hour work week required of most other state employees. In addition, the Research Division does not appear to be in compliance with its stated performance appraisal policy.

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH AND INTERIM COMMITTEES
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S CURRENT RECOMMENDATIONS

We have audited the special-purpose financial statements of the Committee on Legislative Research and Interim Committees as of and for the years ended June 30, 1999, 1998, and 1997, and have issued our report thereon dated December 23, 1999.

The following Management Advisory Report presents our findings and recommendations arising from our audit of the committee's special-purpose financial statements. During our audit, we also identified certain management practices which we believe could be improved. Our audit was not designed or intended to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following report should not be considered as all-inclusive of areas where improvements may be needed.

1.	Distribution and Sale of Statutes
-----------	--

- A. Section 3.130, RSMo 1994, states that the Committee on Legislative Research shall provide a specified number of copies of the revised statutes and supplements without charge to each state department/agency, each member of the General Assembly, various court officials, and other government offices. Our review noted that a significantly larger number of free copies were distributed than the minimum required by state law.

We noted the committee has distributed more than 5,000 free copies of the revised statutes and annual supplements to the various government agencies and officials. Section 3.130, RSMo 1994, provides that each state department, and each division and bureau thereof, is to receive one copy at no charge. However, we noted the following number of free copies of the 1999 cumulative supplement were distributed to the following departments/agencies:

<u>Department/Agency</u>	<u>Number of Free Copies Received</u>
Attorney General	244
Department of Corrections	266
Department of Public Safety	265
State Public Defender	347
Department of Economic Development	200
Department of Mental Health	136
Department of Revenue	147
Department of Social Services	183

A lesser, but significant, number of free copies were also distributed to various other agencies/officials.

To keep costs to a minimum, the committee should review the number of free copies of the statutes and supplements it distributes and consider requesting the various agencies/officials reevaluate their use of the statutes and the number of copies requested. This is particularly true now that statutory information is available on the internet.

- B. Section 3.140, RSMo 1994, states that the committee may sell such publications at a price to be determined by the committee, taking into account the cost of printing, binding, and delivery. In addition, it was determined in the case, Deaton vs. Kidd, 932 S.W. 2d 804 (Mo. App. W.D. 1996), that the sales price may include a profit.

There was no documentation maintained to support how the committee determined the price for the 1994 Revised Statutes or subsequent supplements. The Research Division currently sells a set of 1994 Revised Statutes for \$250; however, it appears the cost of printing, binding, and delivering a set of statutes to a customer is less than \$40. The differences between the sales prices and comparable costs to produce the subsequent supplements were also substantial. While agency officials indicated other costs were considered in setting the prices, there was no documentation maintained to reflect the costs considered or any profit realized.

The committee should maintain adequate documentation to support the committee's pricing decisions. Those pricing decisions should be based on the approximate costs to produce the publications and a reasonable profit, if any.

WE RECOMMEND the Committee on Legislative Research:

- A. Review the number of free copies of the statutes and supplements it distributes and consider requesting the various agencies/officials reevaluate their use of the statutes and the number of copies requested.
- B. Maintain adequate supporting documentation to identify the costs and any profit factor considered in setting the prices of the statutes, supplements, and other items sold.

AUDITEE'S RESPONSE

- A. *The Research Division acknowledges that a large number of free copies of the revised statutes are distributed to state agencies, but does not necessarily agree that a larger number is distributed than the minimum required by law.*

Section 3.130, RSMo, provides that copies of the Revised Statutes of Missouri be furnished without charge to "each state department, and each division and bureau thereof" (emphasis added).

The Missouri Supreme Court has apparently never defined the word "bureau" directly in any case. In the case of Cohen v. Poelke, 520 S.W. 2d 50 (Mo. 1975), the court discusses the word "bureau" in connection with the application of the "Sunshine Law (chapter 610, RSMo)" and seems to equate that term with any governmental entity at all levels.

Black's Law Dictionary defines "bureau" as "an office for the transaction of business. Name given to the several departments of the executive or administrative branch of government, or their division".

Without a clear limiting definition of "bureau" in the statutes, it would appear that the legislature intended the statutes be made available to all levels of state government which need them.

The committee already requests that departments and agencies evaluate their use of the statutes and the number of copies they request. Each year a letter is sent to all state departments asking that when making requests for free copies of the statutes, the department "limit the number of requested copies to those employees who use the statutes on a regular basis (for example attorneys, paralegals, auditors, etc.)". It has been a long held belief that each state agency has a better knowledge than the revisor of statutes as to which entity under their jurisdiction has a need for the statutes. Agencies with a large number of attorneys such as the offices of the Attorney General or State Public Defender, both cited in your report, would clearly need several copies of the statutes in order to better perform their duties.

The Committee on Legislative Research feels that it is fully in compliance with the law in furnishing copies of the statutes to each state "bureau" and that such distribution of the statutes contributes significantly to the efficient operation of state government and the provision of essential state services to the citizens of this state. In compliance with the Auditor's suggestion, the committee will intensify its emphasis to each department that free copies of the statutes should only be requested for those employees that need and use them on a regular basis.

- B. Section 3.142, RSMo, provides that the committee on legislative research shall determine "...any fees or charges for the statutes...". Documentation for setting the price for the statutes is kept in the meeting minutes of the committee. In the future, the committee will maintain more supportive documentation of pricing decisions as suggested by the Auditor.*

2. Statutory Revision Fund Expenditures
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During fiscal year 1997, the Committee on Legislative Research approved the purchase of computer equipment for the House of Representatives and the Senate from Statutory

Revision Fund appropriations. The related expenditures totaled over \$54,000. The Director of the Research Division indicated that over \$36,000 of these expenditures were intended to offset personal service expenses incurred by the House of Representatives and the Senate for use of their EDP staff in assisting the committee in its computer operations; however, there was no documentation maintained to support the personal service expenses incurred by the legislature on behalf of the committee. In addition, there was no similar explanation for the remaining expenditures (approximately \$18,000) and the benefits to the committee or its operating divisions from these expenditures.

Section 3.142, RSMo 1994, provides that monies of the Statutory Revision Fund are to be used for enhancing or producing the revised statutes in electronic form, enhancing the electronic processing of computerized legislative drafting, and such other purposes authorized by the Committee on Legislative Research.

Although the committee has some discretion in approving expenditures from the Statutory Revision Fund other than those specifically cited in the statutes, it appears such expenditures should relate directly to its operations and activities.

WE RECOMMEND the Committee on Legislative Research ensure expenditures from the Statutory Revision Fund are for the purposes specifically identified in the statutes or for other purposes directly related to its operations and activities.

AUDITEE'S RESPONSE

Section 3.142, RSMo, provides that the monies in the Statutory Revision Fund may be spent for "enhancing or producing the electronic form of the revised statutes in computer readable form, enhancing the electronic processing of computerized legislative drafting and such other purposes authorized by the committee on legislative research". There are no words of limitation in this clause. Under normal rules of statutory construction, it is assumed that if the legislative body does not specifically limit a grant of power, as by use of such phrases as "such other similar purposes" or "such other purpose of a like or similar nature", then the legislative body intended that no such limitation apply.

The expenditures questioned related to assistance by the House and Senate computer staff given to the Joint Committee on Legislative Research to accomplish several computer related goals and objectives. Without the assistance of House and Senate staff, those goals and objectives of the committee would not have been realized. Thus, the expenditures directly related to legislative research operations and activities and were for purposes specifically identified in the statutes.

The House computer staff spent many hours and lent the use of their equipment to allow the Joint Committee to produce the revised statutes in electronic form and to be able to provide the proof of the statutes to publishers in "camera-ready" format. The Senate computer staff spent many hours and provided equipment for the development and operation of the legislative information system that the Joint Committee provided for several years.

The Auditor's report states that there was no "explanation for expenditures (approximately \$18,000) and the benefits to the committee or its operating division from these expenditures". The minute records for 1996 contain a memo dated September 4, 1996, from the director of the Senate and the director of the House computer operations requesting equipment purchases totaling \$18,275.91. The memo specifies that this equipment would be used to increase the capacity for the House web site, the Senate web site and the General Assembly web site and to update the bill tracking system. Although it may not be clear from the memo, these improvements to the computer operations of the General Assembly directly benefited the Joint Committee. Specific configuration and type of equipment are listed in the memo, along with a listing of vendors, from which bids were received. The minutes of the Joint Committee for September 10, 1996, show that the Joint Committee approved the purchase of this equipment. In the future, the Committee will attempt to show, through supportive documentation, how like expenditures directly benefit the Joint Committee, its operations and activities.

3. Inventory Records and Procedures
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- A. During a review of the Research Division's inventory items (i.e. statutes, supplements, computer disks with statutory data), we noted some 1996 supplements and various disks were not recorded on the inventory listing.

All items maintained at the warehouse as inventory items to be sold should be included on the inventory listing. If the inventory items are obsolete, unusable, or have been overstocked, they should be disposed of properly. By not including all inventoriable items in the inventory records, an undetected loss of such items could easily occur.

- B. The Research Division does not perform periodic reconciliations of the perpetual inventory balances, accounting for all inventory purchases, sales and free copies issued. We attempted to perform such a reconciliation and noted various differences. An explanation for these differences could not be provided. Such reconciliations are necessary to account for all inventory items, statute issuances, and receipts from sales. Undetected and unresolved differences could possibly result in the loss of revenues or misuse of inventory items.
- C. The Research Division is responsible for collecting the receipts for the sale of statutes, supplements, and session laws. We noted that one individual collects the receipts, records the receipts on the receipts log, prepares the documents indicating the receipt of payments, and prepares the revenue transmittals. This individual also tracks and maintains inventory, and prepares inventory for shipment.

To safeguard against possible loss or misuse of assets, the duties related to the sale of statutes should be segregated to the extent practical. Proper segregation could be achieved by designating some duties to an independent employee who does not have any responsibility in regards to statute sales and inventory functions. If proper

segregation of duties cannot be achieved, at a minimum, there should be a documented independent review of the statute sales and inventory records and procedures.

Conditions similar to parts B. and C. were also noted in our prior report.

WE RECOMMEND the Research Division:

- A. Include all items that are stored at the warehouse that are intended to be sold on the inventory listing. For those items which are deemed obsolete or unusable, the division should dispose of them properly and retain supporting documentation of the dispositions.
- B. Ensure the inventory balances are reconciled periodically, accounting for all inventory purchases, sales and free copies issued. Any differences noted should be investigated and resolved on a timely basis.
- C. Ensure the duties related to the sale of statutes and maintenance of inventory records are properly segregated to provide reasonable assurance that all transactions are accounted for properly.

AUDITEE'S RESPONSE

- A. *The Research Division currently maintains records after disposal of items. Items intended to be sold that are stored at the warehouse are included on the inventory listing. Adjustment entries in inventory listing will be made when items are deemed unsalable. Current records will be updated to comply with the Auditor's recommendation within the next 120 days.*
- B. *The Research Division has initiated plans to modify the computer program that tracks the sale and distribution of statutes. Anticipated completion of the modification is within the next 150 days. Inventory balances will be reconciled within that time period and then reconciled on a periodic basis to comply with the Auditor's recommendation.*
- C. *The duties related to the sale of statutes and maintenance of inventory records have been segregated to comply with the Auditor's recommendation.*

4. Fixed Asset Records and Procedures
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At June 30, 1999, the Research Division and Oversight Division were responsible for approximately \$454,000 and \$177,000 in general fixed assets, respectively. Our review of the fixed asset records and procedures of these divisions disclosed the following concerns:

- A. The fixed asset records were not maintained in a manner which allows balances to be reconciled from period to period.

1. The Research Division prepared separate listings of fixed asset additions and dispositions for each year; however, none of the listings were totaled. In addition, total fixed asset balances were not calculated and maintained as of each fiscal year end.

We also noted fixed asset dispositions totaling approximately \$56,000 which had never been recorded on the fixed asset listing when purchased. These errors caused the asset listing to be understated prior to disposition and would have been detected if the Research Division had reconciled its fixed asset records from year to year.

2. The Oversight Division did not prepare separate listings of additions and dispositions; rather all entries were recorded directly in their general fixed asset records. In addition, total fixed asset balances were not calculated and maintained as of each fiscal year end.

By not maintaining the fixed asset records in a proper manner, there is an increased possibility for the misappropriation or theft of assets.

- B. Neither division performs reconciliations of fixed asset additions to equipment purchases per the Statewide Accounting for Missouri (SAM) system's expenditure reports. Performing these reconciliations would provide assurance that fixed asset items purchased are properly capitalized and controlled. In addition, any differences should be investigated and resolved on a timely basis.
- C. The fixed asset records for both divisions did not consistently indicate the purchase costs and/or acquisition dates for all fixed assets. Such information is necessary to better account for property and to provide complete and accurate fixed asset records.

WE RECOMMEND:

The Research Division and Oversight Division:

- A. Maintain fixed asset records in a manner that allows balances to be reconciled from period to period (ie. beginning balance, plus additions, less dispositions, equals the ending balance). In addition, each division should prepare a statement of changes in fixed assets annually.
- B. Perform reconciliations of fixed asset additions to equipment purchases per the Statewide Accounting for Missouri (SAM) system reports.
- C. Ensure the fixed asset records include all information required by state regulations.

AUDITEE'S RESPONSE

The Committee believes its records related to fixed assets are sufficient and provide the necessary information to locate and account for all assets. In fact, the State Auditor found no instances of missing or misappropriated assets during the course of the audit. However, recommendations of the Auditor will be implemented within 120 days. In doing so, acquisition costs will be estimated for some assets, most of which are at least ten years old.

5. Personnel Policies and Procedures

- A. In response to concerns reported in the prior audit, in March 1994, the Committee on Legislative Research established a uniform personnel policy which, among other things, addressed the leave accruals of employees of both the Research and Oversight Divisions. However, that policy provides sick leave benefits which are more generous than those provided to other state employees. Currently, employees of both the Research and Oversight Divisions earn sick leave at a rate of 14 hours per month, rather than the 10 hours earned by most state employees. As a result of this situation, the committee is certifying accrued sick leave balances to the state retirement system to be counted as creditable service which are in excess of those allowed by law.

Section 104.601, RSMo 1994, states that for the purpose of calculating creditable service, the rate of accrual of sick leave for legislative employees must be the same as that promulgated by the personnel advisory board. Therefore, the 10 hour per month sick leave accrual which applies to other state employees must be used when certifying service of committee employees to the retirement system.

- B. The uniform personnel policy adopted in March 1994, established a standard 35 hour work week (7 hours per day) for its employees. In contrast, employees of most other state agencies are required to work 40 hours per week.

Attorney General's Opinion No. 46, 1980 to Bradford, concluded legislative employees are exempt from the requirements of Section 36.350, RSMo 1994, regarding hours of work and other personnel matters. However, it appears unreasonable for employees of this agency to be required to work fewer hours per week than is required of most other state as well as private employees.

- C. The Research Division has an informal policy requiring supervisors to prepare annual employee performance appraisals prior to determining raises. We noted 3 out of 8 personnel files reviewed did not contain any employee appraisals. As a result, it appears the Research Division is not in compliance with its informal policy regarding the preparation of annual appraisals.

Periodic performance appraisals can lead to improvement in employee performance and are useful in evaluating employees for salary increases, promotions, and other

personnel actions. Performance appraisals may also be used as documentation and support in the decision to terminate an employee.

Conditions A. and B. were also noted in our prior report.

WE RECOMMEND:

The Committee on Legislative Research:

- A. Amend its leave policy so employees earn 10 hours of sick leave per month, like other state employees. In addition, the committee should ensure hours of accumulated sick leave certified to the retirement system are consistent with state law.
- B. Require its employees work 40 hours per week as is required of most other state employees.

The Research Division:

- C. The Research Division ensure employee performance appraisals are prepared annually in accordance with stated policy. In addition, the division should consider establishing a written performance appraisal policy to be included in the personnel manual.

AUDITEE'S RESPONSE

The Committee on Legislative Research has historically adopted personnel policies for its employees that take into account the conditions and nature of legislative work. While the legislature is in session, employees are required to be "on call" at all times and work as many hours as necessary to keep pace with legislative demands. These expectations frequently create interference with personal responsibilities. The work environment of the legislature should not be compared to that of other state agencies simply because time constraints often place extraordinary pressure on staff. The Attorney General in 1980 clearly recognized the difference as referenced in the State Auditor's finding. However, the Committee appreciates the Auditor's comments and has implemented sick leave benefits that conform to those of other state agencies. Additionally, a standard eight-hour workday policy has been established for employees of the Committee effective August 1, 2000.

This report is intended for the information of the management of the Committee on Legislative Research and Interim Committees and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on State Auditor's Prior Recommendations

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH AND INTERIM COMMITTEES
FOLLOW-UP ON STATE AUDITOR'S PRIOR RECOMMENDATIONS

This section reports follow-up action taken by the Committee on Legislative Research and Interim Committees on recommendations made in the Management Advisory Report (MAR) of our report issued for the three years ended June 30, 1993. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the committee should consider implementing these recommendations.

1. Leave Policies and Payroll Documentation

The Research Division's written policy covering monthly leave accruals was not consistently followed and had not been updated to reflect current practices. The Oversight Division had no written policy, but sometimes used parts of the policy adopted by the House of Representatives. The leave accrual practices varied between the two divisions and were different from those used by other state agencies.

Recommendation:

The Committee on Legislative Research establish a uniform written leave accrual policy for the two divisions. The committee should consider the leave accruals granted other state employees when establishing such a policy. In addition, the committee should consider requiring of their employees the same 40 hour work week which is required of other state employees. Finally, hours of accumulated sick leave certified to the retirement system should be consistent with state law.

Status:

Partially implemented. The Committee on Legislative Research established a uniform leave policy in March 1994; however, the committee still does not follow the leave accrual policies used by other state agencies in some respects and the committee's employees earn more generous sick leave benefits than those provided to other state employees. This has resulted in the committee certifying accrued sick leave balances to the state retirement system which exceed that authorized by law. In addition, the committee's employees continue to work a 35 hour week. See MAR No. 5.

2. Oversight Division Personnel Policies and Procedures

- A. The former Oversight Division Director allowed employees to take administrative leave with pay each year during the March session break. This leave was not charged against the employees' annual leave or compensatory time balances.

- B. Oversight Division employees were granted "retroactive" annual and sick leave in apparent violation of Article III, Section 39 of the Missouri Constitution.
- C. The Oversight Division did not have a formal written policy covering leave accruals and other payroll procedures and allowed employees to accumulate excess annual leave indefinitely.
- D. Some Oversight Division employee time records were not reviewed by a supervisor and some employees failed to sign their time records.
- E. The Oversight Division's normal working week is 35 hours; however, the time records prepared by the division's employees reflect a 40 hour week.

Recommendation:

The Oversight Division:

- A. Discontinue granting additional administrative leave.
- B. Refrain from granting retroactive leave accruals.
- C. Establish a written payroll and leave policy and ensure all employees adhere to the policy without exception.
- D. Require all time records be signed by employees and reviewed and approved by a supervisor.
- E. Require all employee time records to reflect actual hours worked.

Status:

A-E. Implemented.

3. Former Oversight Division Director's Use of State Resources

- A. Some phone calls the former Oversight Division Director charged to the state appeared to be personal in nature. The division did not maintain a log of calling card calls and had no policy regarding the use of telephone calling cards.
- B. The former Oversight Division Director prepared and approved her own expense accounts. The expense accounts were not reviewed by a member of the Subcommittee on Legislative Oversight.
- C. The former Oversight Division Director took one or more framed pictures with her to her new place of employment with state government. No documentation could be

located indicating this action was approved by the Committee on Legislative Research.

- D. The former Oversight Division Director had in her office two antique tables and two stacking tables, which were repaired at state expense. The former director apparently took the tables with her upon termination.

Recommendation:

The Oversight Division:

- A. Request reimbursement from the former Division Director for any personal calls charged to the state. The division should also require the use of phone call logs. The logs should be reviewed by a member of the Oversight Subcommittee for propriety.
- B. Require a member of the Oversight Subcommittee to review and approve the Division Director's expense accounts.
- C. Discontinue the practice of allowing employees to take state property for personal use. The former director should return the pictures to the Oversight Division offices.
- D. Request reimbursement of \$370 from the former Division Director for repairs made to personal property at state expense.

Status:

A, C,

&D. Partially implemented. We noted no additional property items being taken for personal use during the current audit period; however, it does not appear the past problems noted were resolved or corrected. The current Director of the Oversight Division indicated these issues were to be handled by the former chairman, who is now deceased. We were unable to determine how these matters were resolved, and there was no documentation indicating any reimbursements or property items were received from the former director. In addition, the division still does not require the use of phone logs. Although not repeated in the current MAR, our recommendations remain as stated above.

B. Implemented.

4. Oversight Division Expenditures and Procurement Procedures

- A. The Oversight Division did not always solicit bids nor retain documentation of bids obtained. The division did not have a written policy concerning bid requirements.

- B. The Oversight Division purchased a telecopier costing \$8,633 in fiscal year 1992. Besides not being bid, this appeared to be an unnecessary purchase since only the equipment's fax capability was being used.
- C. The Oversight Division maintained a supply of postage stamps for use in its daily operations.
 - 1) In September 1993, \$4,709 in postage stamps was on hand, far more than what appeared necessary.
 - 2) Employees were allowed to purchase stamps from the supply on hand.
- D. The Oversight Division adopted the Office of Administration educational reimbursement policy; however, the policy was not followed. Reimbursements for books and reimbursements to temporary employees were noted, contrary to that policy.
- E. Various expenditures were noted which were charged to the wrong object code.

Recommendation:

The Oversight Division:

- A. Establish a written purchasing policy. The division should obtain bids for all large purchases, retain documentation of bids, and utilize state contracts when possible.
- B. Ensure equipment is needed before it is purchased.
- C.1. Investigate the feasibility of using the Research Division postage meter and discontinue purchasing and holding large quantities of stamps.
 - 2. Discontinue the practice of selling stamps to employees.
- D. Adhere to the educational reimbursement policy and refrain from reimbursing employees for textbooks. In addition, the division should discontinue providing educational reimbursements to temporary employees.
- E. Ensure the correct object codes are used when recording expenditures.

Status:

A-E. Implemented.

5. Oversight Division Compliance

- A. Three of four audits conducted were not completed within one year as required. No evidence of time extensions or monthly progress reports were noted.
- B. The division had not performed follow-up reviews related to agency audits as required by Section 23.190, RSMo.

Recommendation:

The Oversight Division:

- A. Complete audit reports within one year after the date of the resolution, or obtain extensions as required by statute. In addition, the Oversight Division should prepare monthly progress reports for review by the Oversight Subcommittee.
- B. Perform follow up reviews as required by Section 23.190, RSMo.

Status:

These recommendations were substantially implemented during the current audit period; however, in October 1997, the Missouri Supreme Court, in State Auditor v. Joint Committee on Legislative Research, 956 S.W. 2nd 228 (Mo. banc), concluded that the Oversight Division did not have the authority to conduct audits and the related statutes were unconstitutional. As a result, these recommendations are no longer applicable.

6. Research Division Personnel Policies and Procedures

- A. Research Division employees were allowed to accumulate annual leave in excess of the limits established by the personnel policy.
- B. Employees were allowed to accumulate compensatory time in excess of the limit established by the personnel policy. In addition, one employee was paid for his accumulated compensatory time, contrary to the policy.
- C. When terminating employees were paid for their accumulated leave, the leave record was adjusted upward to compensate for the shortened work week.
- D. Research Division employee time records were not always signed by the employees.

Recommendation:

The Research Division:

- A. Amend the leave policy to indicate when excess annual leave will lapse, and then adhere to the policy.
- B. Follow established policies on the accrual and payment of compensatory time.
- C. Pay terminating employees only for accrued leave actually earned per the leave records.
- D. Require all employee time records to be signed by the employee.

Status:

A-D. Implemented.

7. Research Division Inventory Records and Statute Sales

- A. The Research Division did not reconcile the records of statute sales and free copies issued with the perpetual inventory record.
- B. Free copies of the statutes were provided to private entities, resulting in the cost of the statutes not being recouped as required by Section 3.140, RSMo.
- C. The record of free statutes was incomplete and inaccurate.
- D. One of the private carriers that delivered statutes was also employed as the division's warehouse worker, maintaining the inventory records and serving as custodian of the statute inventory. The invoices from the carriers were not complete and could not be reconciled to the inventory records. In addition, the duties of accounting for statutes and contracting for their delivery were incompatible.

Recommendation:

The Research Division:

- A. Reconcile records of sales and free copies with issuances recorded in the perpetual inventory records.
- B. Comply with Section 3.140, RSMo, and discontinue providing free copies of the statutes to private entities.
- C. Ensure all invoices are properly accounted for and are recorded in the appropriate

inventory ledger. In addition, the division should ensure that all inventory records are complete and accurate.

- D. Improve inventory records and delivery invoices or discontinue the practice of allowing division employees to also contract with the division to deliver copies of the statutes.

Status:

- A. Not implemented. Proper inventory reconciliations are still not performed. See MAR No. 3.
- B. Implemented.
- C&D. Partially implemented. Invoices appear to have been properly accounted for and an independent, commercial carrier is used to deliver statutes; however, we again noted problems with the inventory records and procedures. See MAR No. 3.

8. Computerized Statute Sales

In October 1992, the Committee on Legislative Research entered into a contract with a company to provide statutes in an electronic format. The company marketed the statutes for profit and then paid a share of the profit to the legislature.

- A. The Research Division did not perform a formal cost/benefit study to determine if this service should be provided by the state rather than through a contractual arrangement.
- B. Sales reports indicated all sales were made at a discounted price, resulting in lost revenue to the state. The Research Division did not review the sale reports to determine if the proper amount was charged and the state's share was appropriate.

Recommendation:

The Research Division:

- A. Perform detailed cost/benefit studies as necessary to maximize efficiency and state revenues.
- B. Ensure sales of and royalties from computerized statute sales are proper and comply with the contract.

Status:

In 1996, in a lawsuit related to this contract, the Missouri Court of Appeals, Western District, upheld a lower court ruling which determined that the committee's practice of awarding a contract without competitive bids to a private company to market the statutes in an electronic format violated the Sunshine Law. Because of this decision, this practice and the related contract were subsequently terminated. Therefore, these recommendations are no longer applicable.

9. Research Division Expenditure and Procurement Procedures

- A. The Research Division did not establish formal written policies regarding the use of statewide contracts and other standard purchasing procedures.
- B. The Research Division did not always solicit bids nor retain documentation of bids obtained.
- C. The Research Division was not able to locate related expenditure documentation for some fixed asset additions.

Recommendation:

The Research Division:

- A. Establish a formal written policy regarding purchasing procedures.
- B. Obtain bids for all large purchases and retain documentation of bids.
- C. Maintain adequate supporting documentation for all purchases.

Status:

A-C. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH AND INTERIM COMMITTEES
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Committee on Legislative Research of the Missouri General Assembly was created as a permanent standing committee by an act of the Sixty-Second General Assembly.

The 1945 Constitution gave the research committee constitutional standing and provided in Article III, Section 35, that the committee shall be a constitutional body of the General Assembly.

The committee is composed of twenty members of the General Assembly, ten appointed by the speaker of the House of Representatives and ten appointed by the president pro tem of the Senate. No major party may have more than six members appointed as members from either house.

The Research Division is directed by statute to maintain a legislative reference library; provide a research staff to make studies at the request of members of the General Assembly; and, upon written request of assembly members, to draft or to aid in drafting bills, resolutions, memorials, and amendments. The division is also responsible for revising and publishing the statutes at least every ten years and for publication of statutory supplements in years between revisions.

In 1984, House Bill No. 1087 was passed which required the committee to organize an Oversight Division to prepare fiscal notes and to conduct management and program audits of state agencies as directed by the General Assembly or the Committee on Legislative Research. Senate Bill No. 354, passed in 1985, provided for the employment of a director of research to assume administration of the necessary activities of the committee and a director to supervise the operation of the Oversight Division. In 1989, House Bill 493 was passed which gave the Oversight Division the responsibility to issue an annual report of state bonds or other evidences of indebtedness of state agencies and of entities of the state given authority by law to incur indebtedness.

The Oversight Division performed the duties as described until 1997, when the Supreme Court determined that it was unconstitutional for the Oversight Division to perform audits. Since that time, the division has discontinued performing audits and now conducts program reviews.

The overall and primary purpose of the committee and its staff is to aid the individual legislator by furnishing technical assistance and factual information. The committee is not a policy-making group and it formulates no legislative program. Its staff renders only such technical and professional assistance as may be requested by the General Assembly or any of its members.

The Joint Committee on Correctional Institutions and Problems is authorized by provisions of Chapter 21, RSMo 1994, and is comprised of six members of the Senate

and six members of the House of Representatives. The Senate members are appointed by the president pro tem and the House members are appointed by the speaker. Its powers and duties are prescribed in Sections 21.455 through 21.465, RSMo.

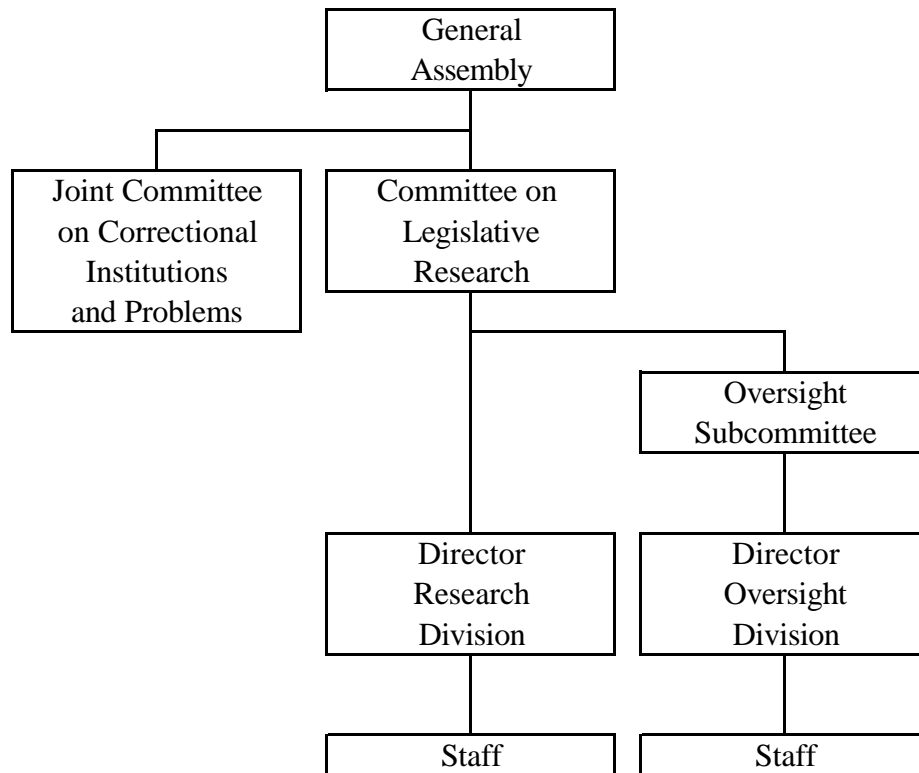
The Missouri Commission on Local Government was authorized by provisions of Chapter 17, RSMo 1994; however, this entire chapter was repealed in 1995. The committee continued to receive appropriations for this commission during the current audit period, but did not expend any funds from these appropriations. The committee has since requested the appropriations be discontinued.

The staff of the Research Division prepares and maintains accounting records for the three interim committees with approval of expenditures by the committees' chairman.

At June 30, 1999, the staff of the Committee on Legislative Research consisted of forty-seven employees, thirty employed in the Research Division and seventeen employed in the Oversight Division. Donald Prost and Jeanne Jarrett served as directors of the Research and Oversight Divisions, respectively, during the audit period and they continue in those positions.

An organization chart for the Committee on Legislative Research and Interim Committees follows.

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
COMMITTEE ON LEGISLATIVE RESEARCH AND INTERIM COMMITTEES
ORGANIZATION CHART
JUNE 30, 1999



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